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EXAMINER

AUGUSTIN, EVENS J

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**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 09/396,005  
Filing Date: September 13, 1999  
Appellant(s): KWAN, KHAI HEE

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For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed 04/18/09 appealing from the Office action mailed 03/18/09.

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is incorrect. A correct statement of the status of the claims is as follows:

Claims 26, 36, 41 allowed.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(8) Evidence Relied Upon**

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

***Claim Rejections - 35 USC § 103***

1. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

2. Claims 13-14, 26, 33-36, 38-46 and 48-52 are rejected under 35 U.S.C. 103(a) as being unpatentable over Katz et al. (U.S. 6424706) (“Katz”), in view of Walker et al. (U.S. 6138106) (“Walker”).
3. As per claims 13-14, 26, 33-36, 38-46 and 48-52, Katz discloses a method and system for purchasing, storing, exchanging, converting, transferring, and otherwise advantageously using prepaid stored value accounts. The computer system/method comprises of the following:

Art Unit: 3621

- A. (**"In an Internet system having a plurality of computers connected by a network, a user to user payment method executable at host server having a database"**) --  
Network such as the Internet, a computer system, a database, a remote input server (col. 8, line 64-67), a plurality of computers (fig. 3A)
- B. (**"prompting payer to input payer's account identifier and password "**) --  
Prompting subscriber/payer for ID and password (col. 17, lines 50-51), since the system only asks to payer to enter ID and password, password true identity (name, address, and birth date) is not known to the system.
- C. The system includes servers (storage medium necessarily present) (col. 9, lines 58, 64) with proper hardware/software combination (col. 9, lines 49-57, col. 10, lines 1-27)
- D. (**"authenticating the said payer's account identifier and password for validity "**)--  
-Validating/authenticating user ID and password (col. 17, lines 51-53)
- E. (**"prompting the payer to input payee's account identifier and fund transfer information "**)--Prompting to enter receiving subscriber/payee ID (col. 17, lines 61-62), and the amount to be transferred (col. 18, lines 6-9)
- F. (**"receiving said payee's account identifier and said fund transfer information "**),  
(**"upon authenticating the payee's account identifier, instantly crediting the fund to the payee's account if the balance in the database associated with the payer account identifier and password is more than the fund for transfer "**) --Receiving the receiving ID and after authenticating the ID (col. 18, lines 10-20), checking sender's account for sufficient funds or minutes being redeemed as local currency

Art Unit: 3621

- (col. 19, lines 49-50) (account has to have at least the amount being sent) (col. 18, line 64) debiting sender's account (col. 18, lines 53), and crediting receiver's account (col. 19, lines 5-6)
- G. ("**whereby said stored fund is deposited from a prepaid card**") --The account is which funds are being transferred from is prepaid stored valued account (col. 4, line 42, )
- H. ("**transfer is made without interacting with said payee and independently of said prepaid card**") --The prior art invention makes an electronic funds transfer (col. 8, lines 63-64). Therefore the actual transfer is made without any user interaction and regardless of the origination of source fund
- I. ("**whereby upon completion of storing and linking said prepaid card is valueless**") --The prior teaches the receiver's account is good until it is used up, or of no value (col. 2, lines 25-26)
- J. As per claims 26, 36 and 41, the prior art teaches that if the transfer is an international transfer the system branches to a process 462 where the currency exchange handling begins. First, process 462 calculates the value, in the sender's currency, of the unit-minutes about to be transferred. Next, a process 464, in conjunction with a currency exchange rate tables 465, calculates the equivalent value in the receiver's currency. Next, a process 466, using a unit-minute rate tables 467, calculates the number of receiver unit-minutes equivalent to this amount of receiver currency. Finally, a process 468 calculates the exchange rate fees to be assessed to the sender and returns an output data 469 (col. 18, lines 32-43)

Art Unit: 3621

K. Account being accessed or transferred using ATM or merchant POS (col. 7, lines 63, col. 8, lines 2 and 15)

L. ("**printing a receipt representative of a prepaid card having at least a serial number prepaid card and connected to said host server**") --Sending receipt to both the sender and receiver. This message may be sent in a number of formats, including but limited to, voicemail, email, facsimile message (Print) or text page sent to the wireless handset, containing account/transaction ID (col. 19, lines 17-24)

M. ("**network is a telephone network**") --The system uses telephone service (col. 4, line 61, col. 9, line 1)

4. Katz did not explicitly describe a method/system in which the value of the card= $B \cdot D \cdot L \cdot C \cdot R$ . However, Walker teaches an invention that relates generally to a system for processing gift certificates, and more particularly to a system and process for processing concealed value gift certificates. Walker teaches a system that randomly adds value to some gift certificates, thereby increasing both the real and apparent value of the certificate both to the buyer and the redeemer. It will be appreciated that such variations in establishing the value of the gift certificate code enable the buyer to purchase a gift customized for the recipient, while permitting the seller to establish alternative, flexible pricing schemes (column 7, lines 22-29). In other words, value of the card= $B \cdot D \cdot L \cdot C \cdot R$  falls under the category of pricing schemes established by the seller of the card. Depending on the seller of the card, the different schemes provide flexibility, in terms of establishing the monetary value of the card at a particular time (col. 7, lines 6-19). There would be a reasonable expectation of success using the different schemes or variation

Art Unit: 3621

5. Therefore, it would have been obvious for one of ordinary skill in the art at the time of the applicant's invention to adjust the monetary value in a prepaid card, using the formula of value of the card= $B \cdot D \cdot L \cdot C \cdot R$ . The variables can be chosen randomly, as taught by Walker, or more specified such as the ones described in the claimed invention. It would have been obvious to one of ordinary skill in the art at the time of the applicant's invention since a number of ways/solution can be used to establish the redemption value of the gift certificate (col. 7, lines 6-18), and one of ordinary skill in the art could have pursued any known potential solutions with a reasonable expectation of success.

**(10) Response to Argument**

6. After further consideration, the 112 rejection has been withdrawn.
7. Appellant alleged that the prior reference by Katz does not teach the aspect of stored funds (page 9, lines 4-14). Katz specifically teaches "**prepaid stored value accounts**" (C4, L42). Katz gave the example that the funds in prepaid account can be used to make phone call. Katz also stated that the funds can be used to purchase "**goods and services, and for transferring the associated value to others, especially such transfers to others overseas**". Therefore, Katz stored value account is not just for "telecommunication", as stated by appellant. Katz teaches that the card in question can be used as an ATM card (C4, L50). This is a clear indication that the card in question can be used as funds **directly**, contrary to appellant's assertion that it can not (page 10, lines 9-10).
8. Appellant argued that the 103 rejection is "unsafe" because the motivation does not come from the prior art (brief, page 10, lines 20-25). The variables can be chosen randomly, as taught by Walker, or more specified such as the ones described in the claimed invention. It



Art Unit: 3621

would have been obvious to one of ordinary skill in the art at the time of the applicant's invention since a number of ways/solution can be used to establish the redemption value of the gift certificate (col. 7, lines 6-18), and one of ordinary skill in the art could have pursued any known potential solutions with a reasonable expectation of success. It is not clear what aspect of the above passage is not safe or dangerous.

Appellant argued that the prior art by Katz does teach the aspect of an account linked to a user created identifier. Katz prompts subscriber/payer for ID and password (col. 17, lines 50-51). Katz also teaches that aspect of receiving the receiving subscriber ID and after authenticating the ID (col. 18, lines 10-20), checking sender's account for sufficient funds or minutes being redeemed as local currency (col. 19, lines 49-50) (account has to have at least the amount being sent) (col. 18, line 64) debiting sender's account (col. 18, lines 53), and crediting receiver's account (col. 19, lines 5-6). The prior art by Katz requires subscribers to authenticate themselves with subscriber identifiers and PIN numbers. In addition, transactions are protected by system generated transaction identifiers and redemptions are protected by additional redemption passwords (C21,L36-41).

Art Unit: 3621

**(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

/EVENS J. AUGUSTIN/  
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